

# UNITED STATES MASTERS SWIMMING, INC.

## *Financial Operating Guidelines*

(As amended through 10-1-95)

### PURPOSE

The purpose of the Financial Operating Guidelines ("FOG") manual is to list and maintain in one place all of the operating financial policies and procedures currently in existence in United States Masters Swimming, Inc. ("USMS"). FOG will be updated by the Finance Committee on an annual basis. Copies will be made available to any USMS member through the National Office upon request. (Approved by FC 9-27-92)

### I. GENERAL RECOMMENDATIONS AND POLICIES

#### A. Bonding

1. The Treasurer, Controller, Executive Secretary, the National Registrar, the Long Distance Committee Chairman, the Championship Committee Chairman, and
  2. the Chairmen, Treasurers and Registrars of each of the Local Masters Swim Committees ("LMSC's") which are in compliance with FOG II.C. shall be bonded in the amount of \$150,000 each. (Approved 10-82, as amended by FC 10-21-88, 9-21-90, and 9-24-93)
- B. The giving of memorial gifts and awards is appropriate and consistent with the purposes of USMS and shall be encouraged. (Approved 10-82, as amended 9-20-91 and 9-24-93)
- C. USMS shall donate \$.05 per registered swimmer to the International Swimming Hall of Fame, payable on a quarterly basis. (Approved by FC 9-19-86, as amended 9-24-93)
- D. The prices of items sold to individuals, not for resale, shall be established at no less than the cost of the items plus mailing costs, rounded up to the nearest \$1.00. (Approved by FC 9-25-87, as amended 9-24-93)
- E. Certain contract proposals shall be negotiated on behalf of USMS, Inc. for sponsors, contractors, vendors, and employees by the president or the president's appointee for goods and/or services for which budget approval has been obtained. These contract proposals shall be reviewed by a representative of the Finance Committee, appointed by the Finance Committee Chairman, prior to the signing of the contract. (Approved by FC 9-21-95)

### II. FINANCIAL REPORTING

#### A. Controller

1. The Controller shall utilize a commercially available general ledger accounting software package. (Approved by FC 10-21-88, as amended 9-21-90 and 9-24-93)
2. On a quarterly basis the Controller shall furnish the Executive Secretary with a listing of all items charged to the budgets of members of the Executive Committee and/or all other committees for the previous 3 months that were not approved for reimbursement by the individual to whom the expense is charged. (Approved by FC 9-25-87, as amended 9-24-93)

3. The Controller shall maintain a property and equipment log showing:
  - a. the date purchased
  - b. original cost and depreciation schedule
  - c. description of the equipment together with serial numbers.

(Approved by FC 10-21-88)

B. Executive Secretary

1. Within 30 days following receipt of the quarterly report from the Controller sent pursuant to II.A.2., the Executive Secretary shall notify the affected individuals of any charges to their budgets resulting from such report. (Approved by FC 9-25-87 as a part of former FOG 13, as amended 9-24-93)

C. Local Masters Swim Committees

1. Each LMSC shall produce annual financial statements consisting of at least an income statement and a balance sheet, based on sound accounting principles. LMSC financial statements may be prepared more often than once per year for LMSC use.
2. Each LMSC should use the same fiscal year as USMS, which is the calendar year.
3. As required by USMS Code of Regulations and Rules of Conduct, a copy of each LMSC's annual financial statements shall be sent to the USMS National Office as soon as the statements are prepared.
4. Any LMSC with annual gross receipts in excess of \$25,000 must file a tax return for that tax year, with a copy to be sent to the USMS National Office.
5. Any LMSC which makes payments in excess of \$600 in any fiscal year to any individual for services rendered shall issue an IRS Form 1099-MISC to that individual.
  - a. Reimbursement of out-of-pocket expenses are not considered to be payments for services rendered.
6. It is recommended that each LMSC maintain all financial statements and records, including receipts, bank statements, and supporting documents for revenues for a minimum of three years, and possibly for as long as seven years, after the tax filing deadline for each year.
7. It is recommended that each LMSC's financial records be reviewed occasionally by someone other than the LMSC's Treasurer, such review to include:
  - a. verification of bank balances
  - b. sample review of revenue
  - c. documentation for expenses
8. It is recommended that the functions of Treasurer and Registrar not be performed by the same person.
9. All LMSC's are reminded that income unrelated to exempt activities may be taxable.

(All of Section II.C. approved by FC 9-24-93)

D. Miscellaneous Reporting

1. All financial records of USMS shall be submitted to the Internal Audit Committee within 90 days after the close of USMS's fiscal year. (Approved by FC 9-19-86, as amended 10-21-88 and 9-24-93)
2. All individuals and committees who are responsible for items carried on USMS's financial records as inventory shall maintain proper inventory control records. (Approved by FC 9-25-87, as amended 9-24-93)
3. The authorized signers on all USMS's bank and investment accounts shall prepare and sign a letter directing each such institution where USMS has an account to send the original of each statement or statements for such accounts, together with all checks and/or records of trades and/or transfers made, to the Controller. A copy of all statements and/or records of trades and/or transfers made shall be provided to the Treasurer. (Approved by FC 10-21-88)

III. REIMBURSEMENTS

A. International Travel

1. The air fare, airport shuttle bus or cab transfers, and lodging, but not board, expenses for travel to and attendance at FINA/MSI World Championships by the USMS President only shall be reimbursed by USMS. (Approved by FC 9-25-87, as amended 9-21-90 and 9-24-93)
2. The air fare, airport shuttle bus or cab transfers, and lodging, but not board, expenses for travel to and attendance at the FINA Masters Technical meetings by the USMS designated representative shall be reimbursed by USMS. (Approved by FC 9-25-87, as amended 9-21-90 and 9-24-93)
3. The air fare, airport shuttle bus or cab transfers, and lodging, but not board, expenses for travel to and attendance at MSI meetings by the USMS designated representative shall be reimbursed by USMS. (Approved by FC 9-25-87, as amended 9-21-90 and 9-24-93)

B. Convention Expenses

1. Executive Committee

- a. Officers' actual expenses for air fare and airport shuttle bus or cab transfers for travel to and from USMS annual meetings shall be reimbursed by USMS.
- b. Actual lodging expenses, but not board, for the officers while at the convention site shall be reimbursed at ½ of the rate for a double occupancy room, beginning with the night prior to the day USMS meetings are first scheduled, and continuing through the night prior to the last USMS meeting.
- c. Officers' lodging expenses allowed herein shall be included in the Convention Committee budget.
- d. Non-officer members of the Executive Committee shall be reimbursed for actual expenses up to an amount not in excess of ½ of the amount specified above for the officers.
- e. All expenses incurred under FOG III.B.1.a-d shall be included in the annual budget of the Convention Committee.

- f. Members of the Executive Committee shall each directly pay their own expenses incurred under FOG III.B.1.a-d., and shall subsequently be reimbursed.

(All of Section III.B. approved by FC 9-25-87, as amended 9-21-90, 9-27-92, 9-24-93 and 10-1-94)

2. Controller and Chairmen of Standing Committees

- a. USMS shall reimburse the Controller and the Chairman of the Standing Committees for ½ of their actual air fare and airport shuttle bus or cab transfers to and from the annual convention, and their lodging while at the annual convention at an amount not exceeding the full cost of a double room (including tax) for one (1) night.
- b. Expenses allowed in III.B.2.a. shall be included in the Convention Committee budget and not in the individual budgets.
- c. The approved air fare will be reimbursed to the affected individuals upon presentation of a copy of the airplane ticket to the Convention Committee Chairman and the Controller.
- d. The Convention Committee Chairman and the Controller may authorize the payment of the approved lodging portion directly to the hotel, unless the individual would prefer to pay the entire bill and be reimbursed later.

(All of Section III.B.2. approved by FC 9-20-91, as amended 9-27-92 and 9-24-93)

3. The convention registration fee for all members of the Board of Directors is to be included in each of the Board member's budget each year and reimbursed by USMS. (Approved by FC 9-21-90)

C. National Championship Expenses

1. Air fare, airport shuttle bus or cab transfers, and lodging, but not board, expenses of the President or the next ranking available officer (if the President is not available) incurred at National Long Course and Short Course Championship meets shall be reimbursed. (Approved by FC 9-19-86, as amended 9-24-93)
2. No other officer's expenses for either travel or lodging in connection with National Championship meets shall be reimbursed, except as permitted in III.C.1. (Approved by FC 9-19-86, as amended 9-24-93)
3. The air fare, airport shuttle bus or cab transfers, and lodging, but not board, expenses of the designated member of the Championship Committee for both pre-meet and meet on-site visits to the location of each of the Short Course and Long Course National Championship meets shall be reimbursed by USMS. (Approved by H of D 9-26-87, as amended by B of D 9-27-92 and by the FC 9-24-93)

D. Miscellaneous Reimbursement Policies

1. Members of USMS Committees shall be reimbursed for expenses incurred in the performance of their duties, subject to the limitations contained in elsewhere in this Section III. (Approved by FC 9-19-86, as amended by FC 9-25-87, 9-21-90, 9-20-91 and 9-24-93)
2. Permissible travel expenses
  - a. Under no circumstances shall reimbursement for any method of transportation exceed the cost of the lowest available coach air fare between the person's home city and the

approved destination. (Approved 9-27-92, as amended 9-24-93)

- b. Whenever FOG allows for the payment of air fares, alternative methods of transportation are allowed. Reimbursement for personal auto use for such purposes shall be at no more than the applicable Federal IRS standard nonprofit mileage reimbursement rate or the actual gasoline receipts (and tolls if applicable) for the approved trip. (Approved 9-27-92, as amended 9-24-93)
- c. Any USMS member incurring permissible travel expenses shall be reimbursed by USMS only to the extent not reimbursed by other parties, including, but not limited to, FINA, MSI, grants, and travel agents. (Approved by FC 10-21-88, as amended 9-24-93)

#### IV. DISBURSEMENTS

- A. All requests for disbursements of USMS's funds, whether budgeted or not, shall be made in writing to the Controller or, in the absence of the Controller, to any member of the Executive Committee other than the Treasurer. No checks shall be issued without approval by the Controller, or in the absence of the Controller, by any member of the Executive Committee other than the Treasurer. (Approved by FC 10-21-88, as amended 9-24-93)
- B. The Controller shall not act on requests for reimbursement until documentation supporting such requests per IRS and/or USMS guidelines has been received. The Controller shall be responsible for maintaining the appropriate documentation supporting each disbursement. (Approved by FC 10-21-88, amended 9-21-90 and 9-24-93)

#### V. INVESTMENTS AND RESERVES

##### A. Investments

- 1. The general guidelines and philosophical considerations for the management of cash held in the Treasury of USMS are:
  - a. \$150,000 shall be maintained as a general reserve fund.
  - b. \$110,000 shall be maintained as a reserve fund specifically for the payment of the liability insurance deductible.
  - c. All other moneys are to be viewed as short term in nature with no intent to create a longer term pool of investment capital. This consideration should, however, be reviewed on an annual basis.
  - d. Cash, approximately equivalent to 3 months' expense requirements, should be kept in liquid form to the guidelines of FOG IV.A.1.e. below.
  - e. The following investment vehicles are acceptable to USMS for the investment of its cash balances:
    - (1) Checking accounts in U.S. banks offering the appropriate federal deposit insurance;
    - (2) Money market funds offered by one of the following mutual fund companies: Merrill Lynch, Dreyfus, Fidelity, and T. Rowe Price.
    - (3) In addition, the Treasurer is hereby granted specific authority to maintain funds of USMS in a amount not to exceed \$10,000 in financial institutions which do not meet

the requirements set forth in V.A.1.e.(1) and V.A.1.e.(2). This exception is granted to facilitate the transfer of funds between the operating disbursement accounts and the longer-term investments.

- (4) On an annual basis the Finance Committee will review the list of firms approved in V.A.1.e.2. for continued inclusion or replacement.
- (5) USMS and any of the LMSC's may own obligations consisting of U.S. dollar denominated investments meeting any of the following:
  - (a) marketable, direct obligations of the United States of America maturing within one year from the date of acquisition thereof;
  - (b) prime commercial paper maturing with one year from the date of acquisition thereof, and, at the time of acquisition, having a rating of A-1 or higher by Standard and Poor's Corporation, or Prime 1 or higher by Moody's Investor Service Inc., or F-1 or higher by Fitch; and
  - (c) interest bearing certificates of deposit maturing within one year from the date of acquisition thereof issued by a commercial bank organized under the laws of the United States of America or any State thereof having total assets of not less than \$1,000,000,000 (such certificates of deposit not to exceed \$100,000 from any one bank).

(Section V.A. approved by FC 9-25-87, as amended 10-21-88, 9-22-89, 9-25-92, 9-24-93 and 10-1-94)

- B. Reserve funds should be invested in separate accounts which are clearly identified as reserve accounts.
- C. Common stocks, preferred stocks, option devices, obligations denominated in foreign currencies or managed funds are not considered appropriate investments for these funds. (Approved by FC 9-25-87)

## VI. BUDGETING

- A. Prior to each annual USMS convention, each member of the Board of Directors and the Chairmen of each Ad Hoc and Special Projects Committees shall submit written requests for budget allocations to the Finance Committee. (Approved 9-24-93)
- B. After reviewing the various budget requests submitted, the Finance Committee will prepare the annual budget for USMS, and submit same to the House of Delegates for approval at each annual meeting of USMS. (Approved 9-24-93)
- C. Detailing of USMS costs, and proposed pricing schedules (including the break even point) for any revenue producing project or item for which a budget allocation has been accepted, shall be submitted to the Finance Committee for its approval prior to incurring any financial obligation associated with the production of such project or item. (Approved by FC 9-19-86)
- D. Authorization to exceed budgeted amounts is granted pursuant to the following procedures:
  1. Up to a cumulative total of \$500 over budget in any one year may be approved for payment by the Controller.
  2. A cumulative amount of between \$501 and \$2,500 over the original budgeted amount in any one year may be approved for payment by the Controller following the approval of a majority of the

members of the Finance Committee.

3. A cumulative amount of between \$2,501 and \$5,000 over the original budgeted amount in any one year may be approved for payment by the Controller following the approval of a majority of the members of the Finance Committee and a majority of the members of the Executive Committee.
4. A cumulative amount in excess of \$5,000 over the original budgeted amount in any one year may be approved for payment by the Controller following the approval of a majority of the members of the Finance Committee, a majority of the members of the Executive Committee, and a majority of the Board of Directors.
5. Expense account overruns directly attributable to related increased revenue are exempt from the requirements of FOG VI.D.1-4.

(All of Section VI.D. approved by FC 9-24-93 and 10-1-94)

E. The commitment or use of any funds from the "Miscellaneous/Contingency" budget shall be approved in advance by a majority of the Executive Committee. (Approved by FC 9-21-90)

## VII. BID PROCESS

### A. Budgeted Items

1. A minimum of three competitive bids are required for any single expenditure in excess of \$1000, unless fewer than three vendors are available to bid.
  - a. An officer, a committee chair and other spending entities may request a budget allocation through the Finance Committee.
  - b. Once approval of the budget allocation has been received, the requesting officer, committee chair or other spending entity shall solicit written bids that meet the requesting party's written specifications from at least three competing vendors.
  - c. Following selection of a vendor, the requesting officer, committee chair or other spending entity shall submit all documentation concerning the bidding process to the Controller.
2. Nothing in this guideline shall be construed as meaning that the low bid must be accepted. However, if the low bid is not recommended, then reasons supporting the choice of another bid must be presented to the Executive Committee along with the submitting party's recommendations for approval.
3. Nothing in this guideline shall be construed as precluding negotiations between USMS and a successful bidder in an attempt to improve a contract to the benefit of USMS.

(All of Section VII.A. approved by FC 10-21-88, as amended 9-21-90, 9-24-93 and 10-1-94)

### B. Contracts with Independent Contractors

1. A minimum of three competitive bids are required prior to entering into a contract with any independent contractor, except for the Executive Secretary and the Controller, for personal services to be provided to USMS, unless fewer than three such contractors are available and willing to bid.

- a. An officer, a committee chair and other spending entities may request a budget allocation through the Finance Committee.
  - b. The requesting officer, committee chair or other spending entity shall then solicit written bids that meet the requesting party's written specifications.
  - c. The requesting officer, committee chair and other spending entity shall then evaluate all the bids received, and recommend a selection of one contractor to the Executive Committee for majority approval.
2. Nothing in this guideline shall be construed as meaning that the low bid must be accepted. However, if the low bid is not recommended, then reasons supporting the choice of another bid must be presented to the Executive Committee along with the submitting party's recommendations for approval.
  3. Nothing in this guideline shall be construed as precluding negotiations between USMS and a successful bidder in an attempt to improve a contract to the benefit of USMS.

(All of Section VII.B. approved by FC 9-21-90 and 10-1-94)